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Financing of the United Nations peacekeeping forces in the Middle East: United Nations Disengagement Observer Force; United Nations Interim Force in Lebanon

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Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the financial performance report for the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 1997 to 30 June 1998 (A/53/779) and the proposed budget for UNDOF for the 12-month period from 1 July 1999 to 30 June 2000 (A/53/779/Add.1). The Committee also considered the financial performance report for the United Nations Interim Force in Lebanon (UNIFIL) for the period from 1 July 1997 to 30 June 1998 (A/53/797), and the proposed budget for UNIFIL for the 12-month period from 1 July 1999 to 30 June 2000 (A/53/819). During its consideration of these reports the Advisory Committee met with representatives of the Secretary-General, and the Chief Administrative Officers of both missions, who provided additional information.

I. United Nations Disengagement Observer Force

2. The United Nations Disengagement Observer Force was established by the Security Council by its resolution 350 (1974) of 31 May 1974 to supervise the ceasefire called for by the Council and the agreement on disengagement between Israeli and Syrian forces for an initial period of six-months. Its mandate has since then been extended and adjusted by the Council in subsequent resolutions, the latest being resolution 1211 (1998) of 25 November 1998, by which the mandate of the Observer Force was extended until 31 May 1999.

3. As indicated in section V.A of the Secretary-General's report (A/53/779/Add.1), total resources made available to the Observer Force, from its inception to 30 June 1999, amount to $1,236.6 million gross, subject to extension of the mandate of UNDOF beyond 31 May 1999. Expenditures are estimated at $1,214.1 million gross. The Committee was also informed that amounts totalling $1,177.1 million had been assessed on Member States for the period from inception until 31 December 1998, and that payments received totalled $1,125.5 million, leaving a shortfall of $51.6 million.

4. Cash balances, as of 8 February 1999, amounted to $27.7 million. Furthermore, the Committee was informed that troop-contributing countries had received payment of

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$106,898,398 for the period from 1 December 1989 to 31 May 1998 and that an estimated amount of $8,004,057 was still due for the period from 1 June to 31 December 1998.

Financial performance report for the period from 1 July 1997 to 30 June 1998

5. The financial performance report of UNDOF for the period from 1 July 1997 to 30 June 1998 submitted by the Secretary-General (A/53/779) also outlines the action to be taken by the General Assembly at its fifty-third session in connection with the financing of UNDOF.

6. Total resources made available to UNDOF for the period from 1 July 1997 to 30 June 1998, as shown in paragraph 9 and annex I to the performance report, amount to $33,616,400 gross ($32,714,400 net), inclusive of the amount of $1,248,400 for the support account for peacekeeping operations. Expenditures amounted to $32,531,100 gross ($31,826,800 net), leaving an unencumbered balance of $1,085,300 gross ($887,600 net), approximately 3.2 per cent of the amount appropriated. Unliquidated obligations as of 31 December 1998 were reported at $16.8 million. However, upon inquiry, the Committee was informed that, as of 24 February 1999, they had been reduced to $3,907,600. Of this total amount, $2,049,200 were related to military personnel costs, $295,900 to civilian personnel and $1,562,500 were still reported under operational costs. In this connection, the Committee reiterates its views contained in its previous report (A/52/860) and its recommendation regarding the need to ensure timely and regular review of unliquidated obligations.

7. The Committee notes that the savings realized during the reporting period are mostly attributable to the devaluation of local currency, reduced procurement of equipment and supplies owing to the availability of some of those items at the United Nations Logistics Base at Brindisi, Italy, and additional savings under transport operations.

8. The Committee notes that savings totalling $445,000 are reported under civilian personnel costs, out of a budgeted provision of $5,586,000. This was mostly due to the average monthly vacancy rate of 11.2 per cent for international staff and 2.4 per cent for local staff for the period, as well as to the impact of the devaluation of the local currency on local staff and general temporary assistance costs and the non-use of overtime resources.

9. Savings of $899,000, out of a budgeted provision of $3,526,000, are also reported under transport operations. The Committee notes that an amount of $449,700 was saved as a result of the volume discounts obtained from systems contracts for vehicle purchases, and underexpenditures of $495,000 under petrol, oil and lubricants, resulting from the devaluation of the local currency and the reduced use of diesel fuel for generators as a result of the switch to electricity provided by the Government of Syria at a lower cost. Both provisions had been initially budgeted at $1,352,000 and $1,114,000, respectively.

10. However, the Committee noted several instances of overexpenditure, as a result of unbudgeted activities under other budget items. In connection with vehicle insurance, an unbudgeted additional amount of $217,000 is reported against an initial budget provision of $152,000. In this regard, the Committee recalls that, in its report A/51/684/Add.1, it noted a sharp increase in insurance premiums resulting from the high number of incidents at the time of that report in the past, and the fact that the mission was considered to be in a high risk area. The Committee was informed at that time of several initiatives to prevent accidents. Upon inquiry, the Committee was informed that these initiatives were working. Moreover, the number of road accidents reported has declined from 136 in 1997 to 112 in 1998.

11. Other instances of unbudgeted overexpenditures include premises and accommodations, where an additional amount of $111,200 is reported, resulting from some unbudgeted construction projects for the improvement of shelters and the charges relating to the switch from UNDOF generators to electricity now provided by the Syrian Government. Similarly, under other equipment, an additional $50,500 is indicated resulting from the unbudgeted acquisition and replacement of kitchen and mess equipment for the new international dining hall at an additional cost of $79,600. In addition, the Committee noted several instances where overexpenditures are offset by underexpenditure under the same budget item heading. Such is the case under communications, as indicated in annex II of the Secretary-General's report. In this case, an additional unbudgeted $49,300 was required to replace a PABX telephone exchange, whereas a reduction in requirements of $99,400 is reported as a result of the postponement of the acquisition of spare parts for repairs and maintenance of communication equipment. The Committee recommends that better attention be paid to more accurately estimating requirements.

12. In paragraph 11 of the Secretary-General's report, it is indicated that the action to be taken by the General Assembly at its fifty-third session, in connection with the financing of UNDOF, is a decision on the treatment of the unencumbered balance of $1,085,300 gross ($887,600 net) for the period from 1 July 1997 to 30 June 1998. The

Committee recommends that Member States be credited their respective shares of the unencumbered balance for the period in question in a manner to be determined by the General Assembly.

Proposed budget for the period from 1 July 1999 to 30 June 2000

13. In its resolution 52/236 of 26 June 1998, the General Assembly appropriated $33,643,900 gross for the maintenance of the Force for the period from 1 July 1998 to 30 June 1999. The cost estimates submitted by the Secretary-General in his report on the proposed budget amount to $33,247,500 gross ($32,514,600 net) for the period from 1 July 1999 to 30 June 2000 (see A/53/779/Add.1, annex I.A). As indicated in paragraph 29 of that report, the proposed requirements represent a 1.2 per cent decrease in relation to the previous period, exclusive of provision for the support account for peacekeeping operations. This is because of a reduction in requirements under local staff salaries, resulting from the devaluation of the local currency, and under transport operations, as a result of the availability of replacement vehicles at the United Nations Logistics Base at Brindisi, partially offset by an increase in rations under military personnel costs.

14. The Committee recalls that it requested the Secretary-General to review and make recommendations on the status of the amounts withheld as a result of the suspension of regulation 4.3 of article IV of the Financial regulations of the United Nations (A/52/860/Add.5, para. 4). The Committee notes the information provided in annex III to the Secretary-General's report. As indicated in annex III, paragraph 3, after adjusting for the amounts of $36 million and $15.3 million, the net balance in the suspense account amounted to $13.6 million. The financial position of UNDOF's special account for the period since inception to 30 June 1999, as of 31 December 1998 is provided in the table below paragraph 4 in annex III. Since the period from 1 July 1998 to 30 June 1999 has yet to be audited, the Committee believes that the position should have been provided up to 30 June 1998. A revised table, deleting the proforma expenditures for the current period 1 July 1998 to 30 June 1999, has been provided to the Committee, upon request, and is attached to the present report. The Committee is of the opinion that unless otherwise decided by the General Assembly, the $13.6 million should be credited back, in a phased manner, to the Member States.

15. Military personnel costs, estimated at $18,781,500, reflect a 3.1 per cent increase (or an additional $567,600) in relation to the previous budgetary period. As indicated in annex I.C to the Secretary-General's report, the increase results from the additional requirements of $563,400 in ration costs. In this connection, the Committee was informed that a new rations contract would take effect in March 1999. The proposed budget also includes an increase to $130,700 under contingent-owned equipment, compared to the $126,500 budgeted for the period 1998/99, to provide for the wet lease of 7 vehicles, for which an agreement has been signed between a Member State and the United Nations, and provision of an x-ray machine, under a Letter of Assist. The Committee notes with satisfaction the provision for staff training in the new contingent-owned equipment procedures.

16. The staffing requirements provide for a total of 123 posts (36 international and 87 local), including 3 additional local staff posts (two in the Electronic data-processing Section and one in the Force Construction Engineer's Office). The Committee recommends that this proposal be accepted. No vacancy rate factor has been applied to the staffing requirements. However, the estimated requirements of $5,010,300 under civilian personnel costs represent a decrease of 9.8 per cent in relation to the previous budget period, reflecting a decrease of $543,600 owing to the devaluation of the local currency from 23.80 to 45.00 Syrian pounds per 1 US$, effective 1 January 1998. The Committee also notes there are no mission appointees in UNDOF (see para. 47 below).

17. As shown in annex I.A to the Secretary-General's report, estimated requirements for operational costs have decreased from $8,997,400 in the budget for the period from 1 July 1998 to 30 June 1999, to $8,722,800 during the period under review — a 3.1 per cent decrease. In this connection, the Committee notes a reduction in the requirements under transport operations to $4,025,700 from $4,550,500 for the previous budget period. Additional details are provided in paragraphs 11 to 14, of annex I.C, of the report. Estimates provide for non-recurrent costs amounting to $1,847,000 for the replacement of 103 vehicles out of a fleet of 367, four of which are being transferred from the United Nations Logistics Base at Brindisi, and provides for an amount of $974,600 for spare parts, repairs and maintenance based on past experience, as indicated therein. The Committee also notes reduced requirements under vehicle insurance resulting from a local arrangement, instead of the use of the worldwide vehicle third-party liability insurance programme. In view of its comments, in paragraph 10 above, the Committee welcomes this arrangement. Moreover, the Committee requests the extension of this practice to other missions whenever possible and cost-effective.

18. A decrease in requirements is also indicated under premises and accommodations, from a provision of

$1,514,500 in the previous budget, to $1,492,900 in the budget under review. This is mainly due to reduced requirements under maintenance, supplies and services arising from the devaluation of the local currency, as well as acquired mission experience.

19. These decreases, however, are partially offset by increases under the communications budget line, due to the replacement and modernization of essential equipment (an increase of $41,800 over the provision in the previous budget of $583,500); under other equipment, which shows an increase of $202,100 over that of the previous budget of $900,900, for the replacement of office, data-processing, observation and accommodation equipment, as indicated in paragraphs 17 to 20 of annex I.C to the Secretary-General's report and under supplies and services, where an increase of $27,900 over the previous budget is indicated, taking into account past experience.

20. The Committee requested the estimates of the direct support provided by the United Nations Truce Supervision Organization (UNTSO) to UNDOF. In this regard, the Committee notes, for the two-year period from 1 January 1998 to 31 December 1999, that the costs associated amount to $8,903,300.

21. In paragraph 33 of the proposed budget report the action to be taken by the General Assembly at its fifty-third session in connection with the financing of UNDOF is outlined. The Committee recommends approval of the Secretary-General's proposal that the General Assembly appropriate the amount of $33,247,500 gross ($32,514,600 net) for the 12-month period beginning on 1 July 1999, to be assessed at the monthly rate of $2,770,625 gross ($2,709,550 net), subject to the extension of the mandate of the Force by the Security Council beyond 31 May 1999.

II. United Nations Interim Force in Lebanon

22. The United Nations Interim Force in Lebanon was established by the Security Council by its resolution 425 (1978) of 19 March 1978 for operations in southern Lebanon. The Mission's mandate has been extended several times by the Council, most recently in its resolution 1223 (1999) of 28 January 1999, by which the Council extended the mandate of the Force until 31 July 1999.

23. In section V.A of the proposed budget for United Nations Interim Force in Lebanon for the 12-month period from 1 July 1999 to 30 June 2000 (A/53/819) it is indicated that resources made available to the Force since inception to 30 June 1999 amounted to $3,023 million gross. Expenditures are estimated at $3,008 million for the same period. Amounts totalling $2,897 million have been assessed on Member States in respect of UNIFIL from 16 June 1993 to 31 December 1998 and contributions received as at 31 December 1998 totalled $2,784 million. Outstanding balances amount to $112.9 million.

24. Cash balances, as of 8 February 1999, amounted to $91.1 million. Furthermore, the Committee was informed that troop-contributing countries had received payment of $807,123,863, for the period from 1 December 1989 to 31 May 1998, and that an estimated amount of $34,038,921 was still due for the period from 1 June to 31 December 1998.

Financial performance report for the period from 1 July 1997 to 30 June 1998

25. The financial performance report of UNIFIL for the period from 1 July 1997 to 30 June 1998 submitted by the Secretary-General (A/53/797) also outlines the action to be taken by the General Assembly at its fifty-third session in connection with the financing of the Force.

26. Total resources made available to UNIFIL for the period from 1 July 1997 to 30 June 1998, as shown in paragraph 9 and table 1 of the Secretary-General's report, amounted to $124,969,700 gross ($120,860,700 net), inclusive of the amount of $4,708,300 for the support account for peacekeeping operations. Expenditures amounted to $125,027,300 gross ($121,781,500 net) resulting in a shortfall of $57,600 gross ($844,000 net). This resulted primarily from the upward revision of local staff salaries by 61.8 per cent, effective 1 March 1997, and the delayed liquidation of obligations no longer required, which could not be identified and cancelled in time before the closing of the accounts.

27. The Committee recalls that the initial estimates of the Secretary-General, as set out in his report for the period from 1 July 1997 to 30 June 1998 (A/51/535/Add.2) amounted to $122,166,000 gross, exclusive of the provision for the support account. The Committee, in its report of 2 April 1997 (A/51/684/Add.1), recommended the conversion of 140 instead of 151 general temporary assistance-funded posts to local level posts, reducing the appropriation to $122,035,000 gross. The General Assembly agreed with this proposal and in its resolution 51/233 of 13 June 1997 it decided, *inter alia*, to authorize the Secretary-General to enter into commitments in the amount of $1,773,618 to cover the costs resulting from the incident at the headquarters of the Force Qana on 18 April 1996, and that the amount should be borne by the Government of Israel. As a result, UNIFIL's budget was reduced by $1,773,618 and the Secretariat implemented the

reduction under the budget lines indicated in paragraph 7 of the Secretary-General's report (A/53/797): military and civilian personnel costs; premises/accommodations; transport operations; air operations; communications; other equipment; supplies and services; and air and surface freight. The Committee notes, however, that this resulted in budget overruns reported under some of those same budget lines: premises/accommodations; communications; and other equipment and supplies and services. Moreover, as indicated in paragraph 8 of the same report, in order not to exceed the adjusted budget level approved by the General Assembly, it was necessary to realign the apportionment of resources and to adjust planned work.

28. The Committee also notes that it was therefore impossible for UNIFIL to identify savings in order to absorb its share of the prorated cost of the maintenance of the United Nations Logistics Base at Brindisi. In the opinion of the Committee, every mission should bear its share of the cost of the operation of the logistics Base. However, the Committee was informed, upon inquiry, that new practice calls for Headquarters to deduct the portion related to the cost of the Base, before allotments are made to each mission. Until such time as the General Assembly may decide to change the funding method, the Committee agrees with this procedure.

29. The Committee notes that no payment has been received, until now, from the Government of Israel to cover the costs of the Qana incident (A/53/797, para. 11). However, in accordance with the explanation provided in paragraph 12 of the same report, the amount to be borne should be reduced to $1,284,633 to reflect final actual expenditures.

30. As of 31 December 1998, unliquidated obligations for the period from 1 July 1997 to 30 June 1998 were reported at $45.3 million. Upon inquiry, however, the Committee was informed that these had been reduced to $13,330,100 as of 26 February 1999. Of this total amount, $7,076,100 related to military personnel costs, $480,200 to civilian staff costs and $5,773,800 to operational costs. In this regard, the Committee recalls the comments made in its previous report (A/52/860/Add.6).

31. Savings of $1,936,600 are reported under military personnel costs, resulting from a new rations contract, lower actual local food purchases, long-term global bidding of charter flights in respect of rotations of troops and lower actual average troop strength, 4,367 instead of the authorized 4,513. The Committee was informed, upon inquiry, that long-term global bidding of charter flights has become normal practice for all missions. The Committee welcomes this development. Those savings were partially offset by unbudgeted additional requirements of $110,900, under contingent-owned equipment, to cover the cost of reimbursement of a government claim, under letter of assist, for a previous period.

32. Additional requirements of $1,991,900 are recorded under civilian personnel costs, due to various developments such as the unbudgeted increase in local staff salaries, noted in paragraph 27 above; as well as the delayed termination/separation of individual local contractors employed under special service agreements (SSA), and of local staff hired as general temporary assistance whose contracts expired beyond 30 June 1997. The Committee was informed, upon inquiry, that there were no new staff hired under special service agreements after 1 July 1997. However, as of 30 June 1997, there were 104 individuals working under special services agreements in the mission with contracts valid until 31 July 1997. The salaries of these personnel were charged against the general temporary assistance budget line rather than contractual services to be consistent with the manner in which such costs had been previously recorded.

33. As indicated in paragraph 2 of annex II, these additional requirements were partially offset by savings under international staff salaries resulting from the average vacancy rate of 10 per cent during the period. The Committee notes that international staff vacancies continued to be high, yet it was informed, upon inquiry, that many international staff had been deployed to the new missions during the period in question. However, in view of the decreasing size and number of peacekeeping operations, the number of staff deployed to new missions has been decreasing. Local staff, instead, reported an over-encumbrance of 4 per cent resulting from the conversion of general temporary assistance to local staff. The Committee is of the opinion, however, that better management could have avoided this over-encumbrance.

34. The Committee notes that of the overexpenditures of $288,800 reported under supplies and services, an amount of $164,600 corresponds to the conversion of 48 special service agreement holders to local contractors. In addition to the information provided in paragraph 32 above, the Committee recalls that the Secretary-General, in his report A/51/535/Add. 2, had proposed 151 new local posts for the conversion of general temporary assistance positions. The General Assembly, upon recommendation of the Committee, approved a level of 140 new local level posts. The positions under general temporary assistance that were not approved continued to be funded under contractual services during the period.

35. An overexpenditure of $631,800 is reported under premises and accommodations. From the additional information requested by the Committee, it is evident that the reduction to $1,884,500 under this budget item, taking into account the decision contained in resolution 51/233 regarding the Qana incident, from the initial estimate of $2,884,000, proved to be unrealistic. Most of the overexpenditure ($702,300) occurred under construction/prefabricated building requirements, where reductions of $999,500 had been identified. Such was also the case under transport operations, most specifically under spare parts, repairs and maintenance, where reductions of $113,400 were identified and overexpenditures of $363,600 are reported, as well as under communications equipment, where reductions of $244,553 were identified and overexpenditures of $225,400 were later reported.

36. The Committee notes that additional requirements of $259,800, as compared to the initial provision of $1,882,600, are reported under other equipment. The Committee further notes that this item contains unbudgeted overexpenditures of $70,100 for procurement of a scanning/imaging system and other electronic data-processing equipment. The Committee was informed upon inquiry, however, that a pilot project was carried out in the United Nations Truce Supervision Organization, confirming the benefits of the imaging system for asset disposal management, fax communication and the archiving of records. The Committee was further informed that the system could therefore be introduced in other missions. The Committee commends the Secretariat for this initiative and recommends its introduction and use in other missions, as soon as possible.

37. The Committee also sought additional information on the value of the savings obtained from receipt of vehicles, workshop equipment for transport operations, maintenance supplies, kitchen equipment, generators, and electronic data-processing equipment, among others, obtained from available ex-mission stock in the United Nations Logistics Base at Brindisi. The Committee was informed that items with an inventory value of $1,492,342 were obtained from Brindisi and that items with an inventory value of $6,347,336 were obtained from the closing of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium. Although some items received have been used during the period from 1997 to 1998, the remaining items will be used in the following financial periods.

38. In paragraph 13 of the Secretary-General's report (A/53/797) it is indicated that the action to be taken by the General Assembly at its fifty-third session in connection with the financing of UNIFIL is to take note of the additional requirements of $57,600 gross ($844,000 net) for the period from 1 July 1997 to 30 June 1998, which will be covered by the liquidation of obligations no longer required for the same period; and to revise the amount of the commitment authority granted in paragraph 7 of Assembly resolution 51/233 and, correspondingly, the amount to be borne by the Government of Israel in relation to the Qana incident from $1,773,618 to $1,284,633. The Committee recommends acceptance of this proposal.

Proposed budget for the period from 1 July 1999 to 30 June 2000

39. The General Assembly, in its resolution 52/237 of 26 June 1998, appropriated $135,831,900 gross for the maintenance of the Force for the period from 1 July 1998 to 30 June 1999, exclusive of the provision for the support account of peacekeeping operations. The Committee recalls that the initial budget of the Secretary-General amounted to $136,719,500; the Committee recommended approval of the requirements after reduction of $887,600, resulting from the establishment of 11 local posts, rather than the 49 local posts proposed by the Secretary-General, for personnel previously hired under special service agreements. The General Assembly endorsed the recommendation of the Committee, approving the amount as amended by the Committee, in addition to an amount of $7,152,600 for the support account for peacekeeping operations.

40. The cost estimates submitted by the Secretary-General (A/53/819) for the period from 1 July 1999 to 30 June 2000 amount to $140,044,200 gross ($136,014,800 net) inclusive of a $135,000 budgeted voluntary contribution. The latter relates to the contribution by the Government of Lebanon, since February of 1998, of UNIFIL House in Beirut. This estimate reflects an increase of $4,212,300 in resources, or 3.1 per cent over the previous 12-month budgetary period, owing to an expected increase in rations costs after the commencement of a new contract effective 1 October 1998; an upward revision of 2.5 per cent in local staff salaries effective 1 March 1998; and increased requirements for the replacement of vehicles and other equipment.

41. The proposed budget provides for the maintenance of the Force, which comprises 4,513 troops, supported by a civilian establishment of 491 staff, including 147 international and 344 local posts. The Committee was informed that, as of 31 December 1998, there were 4,484 troops in UNIFIL: of the 146 authorized international staff, 127 posts were encumbered as were all of the 344 authorized local staff posts.

42. The Committee sought clarification as to the budgetary and organizational effect of the further integration of UNIFIL maintenance, logistical and technical support services into unified support services to increase efficiency mentioned in paragraph 7 of the proposed budget. In this regard, the Committee was informed that this integration was expected to result in qualitative improvements, including better management, maintenance and utilization of scarce resources, as well as quick and efficient response to the battalions.

43. The proposed budget reflects a 0.9 per cent increase in military personnel costs resulting from the inclusion of a provision of $541,000 under contingent-owned equipment, to cover first-time provision for the wet-lease costs for crew-served weapons ($159,504), patrol dogs ($28,800) and ammunition requirements ($352,748) currently provided under letter of assist. In this connection, the Committee recalls the comments and observations made in paragraph 48 of its report A/51/684/Add.1, in which it indicated that, although at that time, it had been informed that it was not considered cost-effective to introduce the new arrangements, this possibility would be considered in the not too distant future when fully depreciated equipment would be replaced. The Committee understands that the Secretariat is drawing up a plan for the earliest introduction of the new contingent-owned equipment arrangements to UNIFIL.

44. The Committee requested additional information in connection with the method used for estimating ammunition requirements included under contingent-owned equipment reimbursement. The Committee was informed that a review of ammunition requirements was conducted in UNIFIL in 1998. The amount indicated included operational requirements of $161,118, based on previous expenditure and consumption experience, and requirements of $180,965 for "zeroing" and testing of weapons, which are not subject to rotation to the contingent home country.

45. The proposed requirements under civilian personnel costs, which amount to $26,051,100, reflect a 1.7 per cent increase in comparison to the budget for the previous period. The total staffing component of 491 posts consists of 147 international (22 Professional, 45 General Service and 80 Field Service) and 344 local staff. It includes the establishment of one P-3 post, for a Staff Counsellor/Welfare Officer, and the upgrading of two P-2 to P-3 posts in data-processing and contract activities. Moreover, a 5 per cent vacancy factor is incorporated for international staff, while no vacancy factor is incorporated for local staff. The Committee recommends acceptance of the staffing changes proposed. The Committee further notes that local staff salaries reflect a 2.5 per cent increase effective 1 March 1998, based on the results of a salary survey conducted by the United Nations Development Programme. The Committee requested additional information as to the survey and comparators used for the upward revision.

46. The Committee was informed that the last salary survey had been carried out in 1996/97. The comparators used for Beirut, included a number of embassies, in addition to the International Committee of the Red Cross. The Committee believes that the base of future surveys should be broadened, in accordance with the provisions in General Assembly resolution 52/216 of 22 December 1997 (section II, para. 2).

47. The Committee also requested additional information on the use of mission appointees and was informed there are no staff employed under the 300-series rules in UNIFIL, UNDOF, UNTSO, the United Nations Peacekeeping Force in Cyprus or the United Nations Logistics Base at Brindisi, since they are considered established duty stations. However, the Committee was further informed, upon inquiry, that there are no operational impediments which would bar the hiring of 300 series employees.

48. The Committee also notes, from the information provided in paragraph 7 of annex I.C, that a provision of $114,300 is included for other travel costs. The provision under the same item for the period from 1 July 1998 to 30 June 1999 amounted to $106,000, but contained a more detailed justification. The Committee notes that resources are requested for the same purpose for similar reasons, such as the 10-day trip to the headquarters of the International Civil Aviation Organization in Montreal. The Committee expects strict control of travel resources with a view to achieving economies.

49. The proposed budget reflects a 10.7 per cent increase in operational costs compared to the budget for 1 July 1998 to 30 June 1999. The Committee notes, in fact, that operational costs have increased from $18,973,300 in 1997/98 to $30,830,700 for 1999/00. Most of the increase relates to transport operations where requirements of $8,358,200 in 1997/98 have increased to a proposed $17,660,500 for 1999/00. Moreover, additional resources of $2,723,400, over the last period, are proposed under this budget item. This includes a non-recurrent provision of $9,448,630 for the replacement of 415 vehicles, out of a fleet of 1,085 in current inventory, based on established replacement policy and $223,000 for workshop equipment. An amount of $8,254,125 was requested in the budget for 1998/99 to replace 167 vehicles.

50. The costs for spare parts, repairs and maintenance of $5,250,400 for a fleet of 1,083 vehicles have been calculated

on the basis of past maintenance cost experience in the Mission, changing from $194, in the previous submission, to $169 per month per vehicle for civilian pattern vehicles and from $642 to $739 per month per vehicle for military pattern vehicles.

51. The Committee notes, however, that the provision for vehicle insurance has declined from $852,800 during 1998/99 to $493,500 in the proposed cost estimates for 1999/00. This is the result of the renegotiation of the worldwide policy rate for insurance of the UNIFIL vehicle fleet, effective 1 October 1998. The Committee further notes that, as a result of initiatives undertaken by UNIFIL's administration, vehicle accidents declined from 210 during 1995/96 to 139 during 1997/98. The Committee commends the Force for the results achieved in this regard.

52. The increase under other equipment, from $2,463,400 in the budget for 1998/99 to $2,817,600 in the current submission, results from non-recurrent requirements of $1,698,500, to replace a variety of office, data-processing, office furniture, observation, medical, dental, accommodation and miscellaneous equipment, as indicated in annex I.C. and detailed in annex II.C of the proposed budget. The Committee is of the opinion, with regard to the replacement of data-processing equipment and year 2000 compliance, that mission-critical equipment should have priority and that the rest should be retained until their replacement cycle comes due. The Committee believes that phasing out the equipment would be more cost effective.

53. The budget item for supplies and services shows a decrease from $3,942,400 in the previous budget to $3,888,400 in the proposed cost estimates. The Committee notes, from the information provided in annex I.A, that resources amounting to $1,082,000 are requested for the 38 local posts moved to this item, as recommended by the Committee in its previous report (A/52/860/Add.6). As indicated therein, the resources for this item for the 1998/99 budget period amount to $988,000. The Committee was further informed, upon inquiry, that these resources cover payment to several individual contractors.

54. The Committee requested the estimates of the direct support provided by the UNTSO to UNIFIL. In this regard, the Committee notes, for the period from 1 January 1998 to 31 December 1999, that the costs associated amount to $5,252,400.

55. In paragraph 29 of the proposed budget report, the actions to be taken by the General Assembly at its fifty-third session in connection with the financing of UNIFIL are outlined. In view of the reasons indicated in paragraph 9, of the report, the situation described in his report to the Security Council (S/1999/61), and the exchanges during the hearings conducted by the Committee, the Committee recommends approval of the Secretary-General's proposal that the General Assembly appropriate the amount of $140,044,200 gross ($136,014,800 net), inclusive of the $135,000 budgeted voluntary contribution, for the 12-month period beginning on 1 July 1999, to be assessed at the monthly rate of $11,659,100 gross ($11,334,566 net), net of the budgeted voluntary contribution, subject to the extension of the mandate of the Force by the Security Council beyond 31 July 1999, in addition to assessment of $11,659,100 gross ($11,334,566 net), net of the budgeted voluntary contribution for the period from 1 to 31 July 1999.

Annex

Financial position of the United Nations Disengagement Observer Force special account from inception to 30 June 1998 at 31 December 1998

(Millions of United States dollars)

Operating cash position	*Gross*	*Net*
1. Income		
Assessed contributions received	1 125.5	1 125.5
Voluntary contributions in kind	–	–
Voluntary contributions in cash	[a]	[a]
Interest income (for the period ending 30 June 1998)	3.9	3.9
Miscellaneous income	–	–
Total, line 1	**1 129.4**	**1 129.4**
2. Less: total operating costs[b]	1 180.6	1 163.3
3. Projected operating deficit (1 less 2)	(51.2)	(33.9)

[a] Cyprus voluntary contributions of US $629 for the period from 1 January to 30 November 1996.

[b] Based on performance reports